



# ***PSD Chief Officer Update***

## **STATUS**

1. Some parts of report and all attachments confidential (marked in blue) / some parts open
2. For information

## **AUDIT**

### Audit Monitoring Report 2022/2023

3. A lot of work has been carried out in producing the Audit Monitoring Report for 2022/2023 which will, like last year, be published with a foreword from Rama Krishnan, the ARC Chair. It will contain a breakdown of results of QAD's reviews of non-PIE audit work, a commentary highlighting the most common areas where deficiencies were identified on audit files and a series of helpful case studies. It is intended that the report will be published in October.
4. [REDACTED]
5. [REDACTED]
6. [REDACTED]
7. [REDACTED]
8. [REDACTED]
9. [REDACTED]
10. [REDACTED]

### Joint Audit Register

11. The in-house development work on the new Joint Audit Register is progressing well and Elaine's team expects to start testing the system in late-September. We are still on course for taking over the housing and administration of the JAR from ICAS before year end which will mean we come good on our commitment to the FRC.

### Audit Regulations consultation

12. The Audit Regulations' consultation went live on 1 September with an 8-week consultation period. The consultation covers policy changes relating to compulsory alternates for sole

practice auditors, sanctioning powers for committees for individual RIs, and some changes relating to CPD. The results of this consultation will be available for review by the IRB at its November meeting. [see consultation](#)

13. [REDACTED]

14. [REDACTED]

15. [REDACTED]

#### Survey of registered firms

16. Continuing with this theme, the FRC approached us to see if we could contact all our audit registered firms and ask them to complete a survey on how to develop the quality of auditor education and training. We have agreed to include this in our September edition of Regulatory & Conduct News and we understand the FRC will host a roundtable event later this year to discuss the findings in more details. There are three versions of the survey aimed at the firm, newly qualified members and members who have recently become a Responsible Individual and the FRC hope it will give some insights into what changes could be developed to the audit qualification, routes to becoming a registered auditor and CPD.

17. [REDACTED]

18. [REDACTED]

19. [REDACTED]

20. [REDACTED]

#### **INSOLVENCY**

##### Government announcement on the Future of Insolvency Regulation

21. On 11 September 2023 the Insolvency Service published the long-awaited feedback statement to the consultation which was conducted from December 2021 to March 2022. The feedback statement confirmed the following:

- a) That the Government has decided not to introduce a Government regulator or a single regulator at this time and intends instead to work with the RPBs to achieve 'transformational change' within the current framework
- b) The Government will introduce firm regulation at the earliest possible opportunity when legislative time allows
- c) The Government will also legislate to transfer responsibility for standard-setting to the Insolvency Service

- d) The Government will introduce a Single Register for IPs indicating which body licenses them and any disciplinary information
- e) The Government will introduce the minor changes suggested to the bonding regime through secondary legislation and will go out on a further consultation in 2024 regarding the establishment of compensation schemes and an overhaul of the current bonding regime.

22. [REDACTED]

23. [REDACTED]

24. [REDACTED]

25. [REDACTED]

26. [REDACTED]

#### Meeting of Head of IPRS with the Insolvency Licensing Committee

27. This took place on 7 September and a report of that meeting will be given orally by the Chair and Vice Chair of the ILC who have agreed to attend the meeting on 20 September when discussion turns to insolvency.

28. [REDACTED]

29. [REDACTED]

### **LEGAL SERVICES**

#### Application for approval of change of regulatory arrangements relating to CPD

30. A draft rule change application relating to the revised CPD regulations has been submitted to the LSB, who have provided initial feedback on additional information they would like in the final application.

31. [REDACTED]

#### New LSB consultation

32. The LSB is consulting on draft guidance on promoting technology and innovation to improve access to legal services. The intention is that this guidance would form part of the Regulatory Performance Framework under which ICAEW will be assessed in future years. The Regulatory Policy team will be responding to the consultation, and a draft will be shared with the IRB legal services sub-group for review and input in late September.

#### New research project?

33. Further discussions have also taken place about ICAEW's participation in a research project with other legal service regulators, to explore the issue of digital exclusion in the provision of legal services.

Probate diversity monitoring report

34. The report summarising the results of the biennial diversity monitoring of probate firms has been published, including a foreword from Anthony Pygram as chair for legal services matters. Highlights from the report were presented in a webinar to probate firms on 12 September.  
[icaew.com/probatediversity](https://www.icaew.com/probatediversity)

**AML**

35. Most of the recent activity on AML has related to the drafting of the response to the HMT consultation on the future of the AML supervisory framework which is the subject of a separate paper on the IRB agenda for 20 September.

**TAX**

36. [REDACTED]

37. [REDACTED]

## PSD OPERATIONAL UPDATE

### The Conduct Department (TCD)

#### Figures for new complaints

38. [REDACTED]

39. [REDACTED]

40. [REDACTED]

41. [REDACTED]

[REDACTED]

### Quality Assurance (QAD)

#### Update on regulatory visits

42. At the end of August QAD had undertaken 1,693 reviews across all regulatory areas representing 75.6% of the internal target of 2,239 reviews (the internal target is considerably in excess of our regulatory obligations). Looking forward, the team are largely scheduled out until early December and if all scheduled/proposed reviews take place as planned this will take the team to 2,170 reviews (96.9% of our internal target). Bob and Trevor are confident of delivering against all our regulatory targets by the end of the year.

43. Both the visit completion KPI metrics (85% of reviews completed within 25 days of receipt of a firm's response and 70% of reviews completed within 60 days from start to finish) are being met at 85.6% and 72.2% respectively.

44. [REDACTED]

45. [REDACTED]

46. [REDACTED]

### Regulatory Practice & Policy (RPP)

47. The application stats (for applications received to 31 August) are:

	2023	2022
Audit	45	51
RI	294	272
DPB	38	40
Probate	26	18
Insolvency	17	29
Affiliates	360	482

48. [REDACTED]

49. [REDACTED]

### **Committees and Tribunals**

50. There have been the following developments in respect of committees:

- a) The Vice Chair of the Appeal Committee, [REDACTED], has given us notice that he will be stepping down from 1 January 2023 due to personal circumstances. Plans are now in progress to recruit his replacement on the AC.
- b) Three Vice Chairs have been recruited to the Conduct Committee. Two lay [REDACTED] and one accountant member [REDACTED] as part of the succession planning for June 2024 when the final term of the current Chair's (Paul Brooks) term expires. It is hoped that this will enable the successor to come from within the Committee to facilitate a smooth transition and ensure we capitalise on the existing expertise and experience of the current members.
- c) We will be recruiting for an additional lay chair of the Tribunals Committee. The term of one of the current Chairs is due to expire in June 2024.

51. The following arrangements have been put in place for Committee Training

- a) Refresher training for the Investment Business Committee held on 11 September 2023
- b) Committee training days for 2023 are scheduled for 15 and 30 November 2023. Both will be 'in person' and will include the following sessions:
  - i. Introduction by IRB Acting Chair
  - ii. PSD update by me
  - iii. Legal update by Emily
  - iv. CPD changes update by Sophie and me (this will focus specifically on how committees can use the new minimum hours requirements to be part of remedial training orders within the new disciplinary framework).
  - v. The afternoon session will be focussed on diversity and inclusion this year with a session by a company called Inclusive Employers which will deal with inclusive decision-making. The trainer will cover a myriad of topics in this area that committee members should have knowledge and understanding of when making decisions.
- c) Annual meeting for the Disciplinary and Appeal Committee members set for 13 December 2023. This is an opportunity to address any matters relating to these specific committees.

## Communications & Marketing

52. CPD: Stage 2 of the CPD communications campaign continues. A third email campaign was sent to ICAEW regulated firms (6.9.23) which included a second invite to a live webinar (27.9.23) to support firms with the changes to the regulations and their enhanced responsibilities.
53. The results of the first stage of activity (24.4.23 – 30.6.23) have yielded excellent results:
- a) High engagement rates across all activity, often surpassing results of previous ICAEW campaigns.
  - b) 2778% increase in unique page views (7,479 unique page views in Q2 2022 v 215,307 in Q2 2023) to the CPD website hub.
  - c) Email campaigns achieved 23 & 24% click through rates (CTR) vs the annual report (2% CTR).
  - d) Social media campaigns achieved a 0.74% engagement rate vs ICAEW average engagement rate of 0.18% over the last year.
54. AML: Two reports will be published at the end of October – AML supervision report and the annual AML thematic review – this year's topic for the thematic review is the role of the money laundering supervisor.
55. PSD/IRB communications: A new set of brand guidelines has been developed and created for PSD/IRB materials. These provide an enhanced distinction between regulatory and membership activity.

## OTHER UPDATES

### Senior personnel changes at ICAEW

56. It has now been confirmed and announced that Peter Wyman will be the first independently appointed ICAEW Board Chair and will take up his new role on 1 October for a three year term. Peter will chair the October ICAEW Board meeting. Peter is a former partner at PwC and was President of the Institute during the aftermath of the Enron and Worldcom accounting scandals. Since his retirement from PwC in 2010, Peter has held many non-executive chair and member roles including chairing both the Care Quality Commission and the NHS Blood and Transplant.

57. [REDACTED]

### Senior management changes in PSD / future changes

58. While we are all still disappointed at Sarah Gammon leaving her role as Head of PSD Communications & Marketing, I am very pleased to confirm that we have found a worthy replacement. Lucy Cook will join PSD in November to take over Sarah's role. I joined Matthew for the second interviews of the candidates he had short-listed and Lucy was very impressive. She has the added advantage of understanding the dynamics and challenges of communications by membership bodies as her current role is Head of Communications at the Institute of Chemical Engineers. While she is negotiating a leaving date from her current employers, I am hoping that Lucy will be able to attend the IRB meeting in November to introduce herself.

59. [REDACTED]

60. [REDACTED]

61. [REDACTED]

a)

62. [REDACTED]

63. [REDACTED]

64. [REDACTED]

65. [REDACTED]

66. [REDACTED]



67. [REDACTED]

68. [REDACTED]

69. [REDACTED]

70. [REDACTED]

### CPD

71. Significant work continues in relation to the revised CPD regulations, most of which is being led by Sophie Wales.

72. Following concerns raised by some members following the member communication campaign, some minor policy amendments have been made for statutory directors of micro entities, and a further amendment is being considered for certain trustee positions held in a personal capacity. This will remove from minimum hour requirements those members who are only caught because they are directors of micro-companies (but carry out no finance or accountancy work) or who are dealing with personal, small trusts.

73. Regulatory Policy staff continue to work closely with the Belonging & Supporting Department on member support and resources providing answers to detailed policy queries received by the technical advisory helpline.

74. PSD staff will be presenting a webinar for firms in September that outlines their main responsibilities and covers hot topics such as what would constitute verifiable CPD. Interest in this webinar has been very strong with, at the moment, over 2,000 firms having registered to join.

75. The CPD Steering Group, which I am continuing to co-chair, has also seen for the first time this week the new 'widget' which will be deployed when members log into the website and start reading technical articles and it will prompt members to record the time spent in reading in their new digital CPD record. A separate comms campaign will be started to show members how they can satisfy the new CPD requirements by logging onto and reading all of the technical material being added to ICAEW's website on a weekly basis.

76. [REDACTED]

77. [REDACTED]

78. [REDACTED]

79. [REDACTED]

80. [REDACTED]

81. [REDACTED]

82. [REDACTED]

### Film updates

83. [REDACTED]

84. I have also been involved in two high profile presentations of ATF in recent weeks:

- a) I presented the film at the International Economic Crime Symposium at Jesus College, Cambridge on 6 September (in addition to presenting/taking part in a debate about the role of auditors and accountants in maintaining the integrity of the financial markets); and
- b) I presented the film remotely at the start of a conference held in Sarajevo on 7 September organised by the OSCE (Organisation for Security and Cooperation in Europe) and the Council of Europe with attendance from all of the Balkan states where the conference aim was to generate partnerships between governments in the region and businesses to enhance the fight against human trafficking. The invitation came through our Cyprus office as one of the organisers had seen the film in Cyprus and wanted it shown at the start of the conference to kickstart discussions. [REDACTED]

From a personal perspective, I am really pleased that the film is now being used in conferences trying to enhance the fight against human trafficking even where there is no direct connection to accountants and accountancy.

85. In addition, Michelle and I have been asked to present the film (remotely) at the Accounting Summit being organised by IFAC on 16-18 October where the theme is 'Integrity'. Last year's conference attracted 6,000 participants from all over the world so this is a great opportunity to awaken further international interest in using the film.

<b>Author</b>	Duncan Wiggetts, PSD Chief Officer
<b>Date of report</b>	13 September 2023